



*BOND STORES, INCORPORATED*

ANNUAL REPORT TO STOCKHOLDERS

YEAR ENDED DECEMBER 31, 1946

BOND CLOTHES

WORN BY MORE MEN AND WOMEN

THAN ANY OTHER CLOTHES

IN AMERICA

---

## OFFICERS

BARNEY RUBEN . . . . .	<i>Chairman of the Board and President</i>
IRVING COHEN . . . . .	<i>Vice-President</i>
JAMES W. CONNORS . . . . .	<i>Vice-President</i>
SYLVAN N. KING . . . . .	<i>Vice-President</i>
IRVING MOSELOWITZ . . . . .	<i>Vice-President</i>
LOUIS A. GOOD . . . . .	<i>Vice-President</i>
RUDOLPH STULZ . . . . .	<i>Vice-President</i>
ELLIS H. SCHECHTMAN . . . . .	<i>Secretary and Treasurer</i>
CARL F. KLEMENGER . . . . .	<i>Assistant Secretary</i>

---

## BOARD OF DIRECTORS

BARNEY RUBEN	SYLVAN N. KING
BENJ. J. FRIEDMAN	ELLIS H. SCHECHTMAN
IRVING COHEN	HERBERT H. MAASS
JAMES W. CONNORS	JOHN M. HANCOCK
IRVING MOSELOWITZ	MAURICE WERTHEIM



## BOND STORES, INCORPORATED

261 FIFTH AVENUE  
NEW YORK

March 18, 1947.

### TO THE STOCKHOLDERS OF BOND STORES, INCORPORATED:

Herewith are transmitted to you copies of the Balance Sheet and Surplus and Profit and Loss Statements of your company for the year ended December 31, 1946, examined by the company's auditors.

The year 1946 marked the largest volume of sales and the greatest profits in the history of the company, despite better competitive values resulting from lower gross markup. Sales, all of which were at retail, were \$74,589,295.87 as against \$48,477,062.99 in 1945, exclusive of sales of \$1,037,969.24 to the United States Government, undertaken without profits. Profits for 1946 before Federal income and excess profits taxes aggregated \$16,198,524.77 and \$10,020,524.77 after such taxes, as against \$8,859,610.55 and \$3,039,610.55, respectively, for the year 1945.

During the past year the outstanding Preferred Stock of the company, originally aggregating \$6,000,000. par value, was called for redemption and all of the same has now been redeemed or converted into Common Stock, so that at the present time there are issued and outstanding 1,688,394.94 shares of Common Stock, to which there are no senior securities.

Stockholders will recall that in 1945 the Common Stock was split two for one, and that such split stock was placed on a dividend basis of 35¢ quarterly. During the last fiscal year regular and extra dividends amounted to \$2.00 per share and the stock has now been placed on a 50¢ quarterly dividend basis. Your directors deemed a larger distribution to stockholders inadvisable because of the company's commitments for building and equipping its new factory, new stores, enlarged units and larger inventory requirements.

The increase of \$26,112,232.88 in civilian business during the past year was achieved without material increase in unit prices, and with only 58 retail stores in operation, as against 59 for part of the prior year, the Ft. Worth, Texas, store having been destroyed by fire. In view of the state of the market for both raw materials and finished merchandise, considerable ingenuity had to be exercised to maintain the right kind of inventories to enable the company to meet the very expanded demand and public acceptance for its products and to continue its policy of quality merchandise at reasonable and fair prices.

Several contributing factors were (a) increased employment at our Rochester, New York, factory (b) exclusive production of civilian clothing by all of our employees at our New Brunswick, New Jersey, factory during 1946, whereas these same employees were exclusively engaged in producing Army uniforms during 1945, and (c) during the year 1946, we opened several small plants in the vicinity of Rochester, New York, as well as a larger plant in Buffalo, New York. In total, this reflects an increase of 1832 employees engaged exclusively in the production of civilian clothing. Because of the specialization of the work of our employees in Buffalo, New York, and the small plants in the vicinity of Rochester, New York, in relation to our Rochester factory operation, we were able to meet more fully our production schedules. It is anticipated that for the first 6 months of 1947 we will be able to produce substantially more units of clothing as a result of being able to realize the maximum productivity of each individual employee which was not accomplished until the latter part of 1946. It is intended, too, that all of these added employees will form a nucleus for the increased force which will be required when our new factory in Rochester, New York, is completed.

All of our factory employees shared substantially in the prosperity of our company during the year 1946 as a result of increased wages, together with increased and stabilized production, which was made possible by reason of the greater availability of raw materials. Increased wages, as well as increased unit sales per selling employee, resulted in similar benefit of increased income to store personnel.

Progress in the completion of our new factory has been slow, but is now well advanced, and we anticipate that initial operations will commence therein this Summer, and that the building will be completed prior to the end of this



year. This new factory will be unique in layout and equipment and will be one of the finest in the world. It will offer facilities for our employees beyond anything that has yet been approached to improve their working conditions and surroundings. It is anticipated that the requirements of further added production to supply customer demand for needed merchandise, as well as for inventory requirements resulting from our program for enlargement and replacement of retail units will be satisfactorily met by our new factory.

The development of our men's furnishings goods department has resulted in enhanced sales. Since there existed a great scarcity of desirable merchandise, we acquired during the year a stock interest in "Rotary Shirt Company" and its affiliated companies, with the right to acquire all of the outstanding stock in the future. These companies have for many years manufactured shirts of the kind and quality particularly suitable for sale in our stores. By this association we are assured of a source of supply which we might otherwise find it difficult to obtain. The entire production of these companies is now available to us. Our acquisition of an interest in these companies in no wise interferes with purchases from other suppliers with whom we have always dealt. We intend in the future to amplify our purchases in the general market.

Reference has been made in prior President's letters, to our program for enlargement and replacement of retail units. This program has been delayed because of building restrictions, shortages of building material, as well as substantially increased building costs. However, our new stores in Cleveland, Ohio, and Cincinnati, Ohio, are now under construction and will be opened during the year. Strategically located in the best retail sections of these respective cities, they will be modern and extensive so that in them we will offer complete ranges and assortments of our men's, women's, students' and boys' wearables, to an extent not possible in the units which they replace. Plans for other stores are complete. It is expected that conditions which have delayed our program will soon be overcome and that we will be able to proceed with the remainder of our program on a firm contract basis.

We have acquired leaseholds of premises at the northwest corner of Fifth Avenue and 35th Street, New York City, now occupied by Best & Company, who for over 36 years have conducted a specialty store in these premises devoted principally to the sale of men's, women's and children's wearing apparel and accessories. These premises, possession of which we expect not later than September 1947, consist of two buildings joined together, with a frontage of 100 feet on Fifth Avenue and a depth of 200 feet on 35th Street, and contain an aggregate floor space of over 220,000 square feet. The rental is extremely favorable. The size and extent of the buildings will enable us, if we so desire, to consolidate our general offices and accounting and buying departments into these premises, and, as well, afford ample space for warehousing, assembling and inspecting our merchandise before it is shipped to our retail units, all at a saving in general overhead. In these premises will be opened the largest "Bond" store in our entire group, and for the convenience of customers of this new store, we expect to provide ample parking space adjacent thereto in the rear.

It is difficult to forecast the future, more particularly in uncertain times. The Bond policy of consistent values and fair prices has served us well in the past and enabled us, irrespective of prevailing economic conditions, to increase our volume and maintain our profits. We therefore look forward with confidence in the belief that the maintenance of this policy will inure all the more to our advantage and that regardless of conditions we should continue to enjoy increased sales and sustained profits.

At this time one cannot pay perfunctory tribute to the loyalty and zealously of every member of our organization. It is only fitting to say that without their wholehearted and full cooperation it would have been impossible to present so satisfactory a result as is herein portrayed for which I am truly grateful. As has been the custom over a long period of years, the practice of distributing a substantial bonus to factory, store and all other employees, except the President, has been continued.

An earnest invitation is extended to stockholders to visit our stores that they may become well acquainted with the varied and diversified merchandise in which your company deals and the merit and value of its products.

*Respectfully submitted,*

*Barney Ruben*

*President.*

**BOND STORES, INC.**  
**AND WHOLLY-OWNED SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEET**

**ASSETS**

Current Assets:

Cash on hand and in banks . . . . .		\$11,303,839.47
U. S. Government securities and accrued interest thereon . . . . .		6,107,054.48
Accounts receivable—customers . . . . .	\$4,169,482.15	
Less: Reserve for doubtful accounts . . . . .	309,093.10	3,860,389.05
Miscellaneous accounts receivable, sales tax stamps, etc. . . . .		210,904.29
Merchandise Inventories—Note A:		
Woolens, trimmings, etc. . . . .	\$4,145,765.96	
Work in process . . . . .	1,839,571.34	
Finished goods . . . . .	9,088,524.08	15,073,861.38
Total Current Assets . . . . .		\$36,556,048.67
Mortgage receivable—including accrued interest . . . . .	\$ 102,000.00	
Deposits, advances, claims receivable, etc. . . . .	210,296.17	312,296.17
Investments in partly-owned subsidiary companies—at cost . . . . .		1,461,000.00
Fixed Assets—At Cost—Notes B, C and E:		
Land . . . . .	\$3,985,953.34	
Buildings . . . . .	\$3,946,881.03	
Less: Reserve for depreciation . . . . .	576,995.74	3,369,885.29
Machinery, furniture, fixtures and equipment . . . . .	\$2,367,151.08	
Less: Reserve for depreciation . . . . .	1,310,965.18	1,056,185.90
Alterations, improvements and leaseholds . . . . .	\$1,044,822.72	
Less: Reserve for amortization . . . . .	468,599.29	576,223.43
Total Fixed Assets . . . . .		8,988,247.96
Advance on store building under construction—Note E . . . . .		300,000.00
Deferred Charges:		
Prepaid rent . . . . .	\$ 14,166.66	
Unexpired insurance and prepaid expenses . . . . .	335,583.98	349,750.64
		<u>\$47,967,343.44</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.



## INCORPORATED

## ED SUBSIDIARIES

EET AS AT DECEMBER 31, 1946

## LIABILITIES

## Current Liabilities:

Mortgage payable—current installments—Note B . . . . .	\$	69,799.72
Accounts payable—merchandise and expense creditors . . . . .		1,347,662.21
Customers' deposits, etc. . . . .		264,285.31
Fire insurance proceeds to be used for replacement of furniture, fixtures and improvements . . . . .		108,814.57
Accrued salaries, taxes other than Federal taxes on income, expenses, etc. . . . .		3,403,875.69
Reserve for Federal taxes on income—Note D . . . . .		<u>6,345,883.50</u>
Total Current Liabilities . . . . .		\$11,540,321.00
Mortgage payable by subsidiary—Note B . . . . .	\$3,517,978.68	
Less: Current installments shown above . . . . .	<u>69,799.72</u>	<u>3,448,178.96</u>
Total . . . . .		\$14,988,499.96

## Capital Stock:

## Preferred Stock—Par Value \$100.00 per Share:

## Shares

Authorized—to be issued in series as designated by the Board of Directors . . . . .	100,000
Retired and cancelled . . . . .	<u>60,000</u>
Authorized—but not designated . . . . .	<u>40,000</u>

## Common Stock—Par Value \$1.00 per Share:

Authorized . . . . .	<u>2,500,000</u>	
Issued and outstanding . . . . .	<u>1,688,394.94</u>	1,688,394.94
Capital surplus—Exhibit B . . . . .	\$11,537,837.07	
Earned surplus—Exhibit B . . . . .	<u>19,752,611.47</u>	31,290,448.54

\$47,967,343.44

art of this statement and should be read in conjunction herewith.

BOND STORES, INCORPORATED  
AND WHOLLY-OWNED SUBSIDIARIES  
CONSOLIDATED STATEMENT OF SURPLUS  
FOR THE YEAR ENDED DECEMBER 31, 1946

## Capital Surplus:

Balance—January 1, 1946 . . . . .	\$ 8,150,913.67
-----------------------------------	-----------------

## Add:

Excess of conversion price over par value of common stock issued upon conversion of 35,572 shares of preferred stock . . . . .	3,387,605.90
	\$11,538,519.57

## Deduct:

Premiums paid upon redemption of 65 shares of preferred stock . . . . .	682.50
--	--------

Balance—December 31, 1946—Exhibit A . . . . .	\$11,537,837.07
---	-----------------

## Earned Surplus:

Balance—January 1, 1946 . . . . .	\$12,816,089.73
-----------------------------------	-----------------

## Add:

Net profit for the period transferred from Con- solidated Statement of Income and Profit and Loss—Exhibit C . . . . .	10,020,524.77
---	---------------

Adjustment of reserve for doubtful accounts, etc., by Internal Revenue Department for the years 1942 and 1943, less Federal income and excess profits taxes thereon, not previously pro- vided for . . . . .	262,905.93
	\$23,099,520.43

## Deduct:

Dividends on preferred stock . . . . .	\$ 33,541.26	
Dividends on common stock . . . . .	3,313,367.70	3,346,908.96

Balance—December 31, 1946—Exhibit A . . . . .	\$19,752,611.47
---	-----------------

The Notes to Consolidated Financial Statements are an integral part of this statement and should be read in conjunction herewith.



**BOND STORES, INCORPORATED**  
**AND WHOLLY-OWNED SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF INCOME AND PROFIT AND LOSS**  
**FOR THE YEAR ENDED DECEMBER 31, 1946**

Sales . . . . .		\$74,589,295.87
Cost of goods sold, stores and general and administrative expenses . . . . .		<u>59,172,716.36</u>
Operating profit, before depreciation and amortization . . . . .		\$15,416,579.51
Add:		
Income from real estate operations of subsidiary, before deducting depreciation . . . . .	\$539,471.78	
Other income . . . . .	<u>575,231.12</u>	<u>1,114,702.90</u>
		\$16,531,282.41
Deduct:		
Depreciation . . . . .	\$270,192.29	
Amortization . . . . .	<u>62,565.35</u>	<u>332,757.64</u>
Net profit, before provision for Federal taxes on income . . . . .		\$16,198,524.77
Provision for Federal taxes on income . . . . .		<u>6,178,000.00</u>
Net profit for the period—transferred to Earned Surplus—Exhibit B . . . . .		<u><u>\$10,020,524.77</u></u>

The Notes to Consolidated Financial Statements are an integral part of this statement and should be read in conjunction herewith.

**BOND STORES, INCORPORATED**  
**AND WHOLLY-OWNED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1946**

- NOTE A: Inventories are stated at or below the lower of cost (prime cost as to goods manufactured by Bond Stores, Incorporated, retail inventory method as to furnishings, and invoice cost as to other merchandise, substantially on the "first-in, first-out" basis) or replacement market. Such methods for valuing the inventories are consistent with the practice of prior years.
- NOTE B: The property owned by Adda, Inc., wholly-owned subsidiary, is subject to a mortgage in the principal amount of \$3,517,978.68, under which the parent company is not obligated. Adda, Inc. is required to make quarterly payments of \$50,187.50 to December 13, 1954 and \$52,468.75 thereafter to December 13, 1959. The balance of the respective payments, after deducting interest at rates which vary during certain periods, is applied against the principal amount of the mortgage. Adda, Inc. may, on or after December 13, 1954, pay the then unamortized principal amount of the mortgage.
- NOTE C: Land and buildings which are carried on the balance sheet in the total amount of \$7,355,838.63, are comprised principally of property located at 45th Street and Broadway, New York City, in the amount of \$4,161,842.94, owned by Adda, Inc., wholly-owned subsidiary, properties in Rochester, N. Y., (including the new factory under construction in the amount of \$1,881,856.79) and New Brunswick, N. J.
- NOTE D: The Federal income and excess profits tax returns of the Corporation have been examined up to and including the year ended December 31, 1943 and all assessments paid or accrued.
- The Corporation has filed claims under Section 722 of the Internal Revenue Code for refund of a substantial amount of excess profits taxes for the years 1940 to 1945, inclusive. No consideration has been given to such claims in the preparation of the accompanying statements.
- The accompanying statements are subject to the final determination of the liability for Federal, state and local taxes.
- NOTE E: The Corporation has provided for an extensive expansion program which will require substantial expenditures for new factory and store buildings and equipment and for alterations and improvements to present store properties.

---

**ACCOUNTANTS' REPORT**

*To the Board of Directors,*  
**BOND STORES, INCORPORATED,**  
New York, N. Y.

We have examined the consolidated balance sheet of Bond Stores, Incorporated, and its wholly-owned subsidiaries, as at December 31, 1946, and the consolidated statements of income and profit and loss and surplus for the year then ended; have reviewed the system of internal control and the accounting procedures of the company and, without making a detailed audit of the transactions, have examined or tested accounting records of the company and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying consolidated balance sheet and related consolidated statements of income and profit and loss and surplus, together with the Notes to Consolidated Financial Statements present fairly the consolidated position of Bond Stores, Incorporated, and its wholly-owned subsidiaries, at December 31, 1946, and the consolidated results of their operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

New York, N. Y., March 18, 1947.

S. D. LEIDESDORF & CO.,



# BOND STORES ARE LOCATED IN THE FOLLOWING CITIES

AKRON, OHIO	FLINT, MICH.	OAKLAND, CALIF.
ALBANY, N. Y.	HARRISBURG, PA.	PHILADELPHIA, PA.
ATLANTA, GA.	HARTFORD, CONN.	PITTSBURGH, PA.
BALTIMORE, MD.	HOUSTON, TEXAS	PROVIDENCE, R. I.
BIRMINGHAM, ALA.	JERSEY CITY, N. J.	READING, PA.
BOSTON, MASS.	KANSAS CITY, MO.	ROCHESTER, N. Y.
BUFFALO, N. Y.	LORAIN, OHIO	SAN FRANCISCO, CALIF.
CHICAGO, ILL. (5 stores)	LOS ANGELES, CALIF.	SCHENECTADY, N. Y.
CINCINNATI, OHIO	LOUISVILLE, KY.	SCRANTON, PA.
CLEVELAND, OHIO	MEMPHIS, TENN.	ST. LOUIS, MO.
COLUMBUS, OHIO	MILWAUKEE, WISC.	SYRACUSE, N. Y.
DALLAS, TEXAS	NEWARK, N. J.	TOLEDO, OHIO
DAYTON, OHIO	NEW BRUNSWICK, N. J.	TRENTON, N. J.
DES MOINES, IOWA	NEW HAVEN, CONN.	WASHINGTON, D. C.
DETROIT, MICH. (2 stores)	NEW YORK, N. Y. (8 stores)	WILKES-BARRE, PA.
		YOUNGSTOWN, OHIO

*Factories in Rochester, N. Y., New Brunswick, N. J. and Buffalo, N. Y.*

